



BellSouth Telecommunications, Inc.
333 Commerce Street, Suite 2101
Nashville, TN 37201-3300

guy.hicks@bellsouth.com

Guy M. Hicks
General Counsel

July 12, 2002

615 214 6301
Fax 615 214 7406

VIA HAND DELIVERY

Hon. Sara Kyle, Chairman
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37238

Re: *Generic Docket to Consider Geographic Deaveraging*
Docket No. 01-00339

Dear Chairman Kyle:

Enclosed are the original and fourteen copies of a Joint Stipulation Regarding Deaveraging. Counsel for MCI WorldCom, Brooks Fiber Communications, MCImetro Access Transmission Services, United Telephone-Southeast and Spring Communications Company have given me permission to sign the Joint Stipulation on their behalf. Copies of the enclosed are being provided to counsel of record.

Very truly yours,

Guy M. Hicks

GMH:ch

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7/14/02

REC'D TN
REGULATORY AUTH.
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OFFICE OF THE
EXECUTIVE SECRETARY

BEFORE THE TENNESSEE REGULATORY AUTHORITY
Nashville, Tennessee

In Re: *Generic Docket to Consider Geographic Deaveraging*

Docket No. 01-00339

JOINT STIPULATION REGARDING DEAVERAGING

This Joint Stipulation ("Stipulation") is entered into by and among BellSouth Telecommunications, Inc. ("BellSouth"), MCImetro Access Transmission Services, LLC; Brooks Fiber Communications of Tennessee, Inc.; and MCI WorldCom Communications, Inc. (collectively "WorldCom"), United Telephone-Southeast, Inc.; and Sprint Communications Company, L.P. (collectively the "Parties").

WHEREAS, as adopted by the Federal Communications Commission ("FCC"), 47 C.F.R. § 51.507(f) requires that state commissions "establish different rates for elements in at least three defined geographic areas within the state to reflect geographic cost differences"; and

WHEREAS, the Parties are willing to agree and stipulate to a methodology for the deaveraging of certain unbundled network elements in the State of Tennessee consistent with the FCC's rules; and

WHEREAS, this Stipulation is not intended to set a precedent for the resolution of any issue relating to the rates of unbundled network elements in this or any other proceeding.

NOW, THEREFORE, the Parties agree as follows:

1. This Stipulation establishes a four-step methodology for deaveraging the recurring cost of unbundled loops below the DS3 level, as well as corresponding sub-loops and loops in combination in the State of Tennessee, which is substantially similar to the methodology ordered in the State of Alabama and stipulated in the State of Georgia.
2. The first step of the deaveraging methodology will be to utilize the FCC's Synthesis Model (i.e., the HCPM) with national inputs to determine the wire center costs for loops.
3. The second step of the deaveraging methodology will involve sorting the wire centers based on the loop cost produced by the HCPM. Zones will be created such that Zone 1 will consist of wire centers with loop costs of less than 100% of the statewide average loop cost; Zone 2 will consist of wire centers with loop costs from 100% to less than 150% of the statewide average loop cost; and Zone 3 will consist of wire centers with loop costs of greater than 150% of the statewide average loop cost.
4. The third step will involve developing the zone costs. This will be accomplished by dividing the total loop-specific costs for those wire centers in Zone 1 by the total number of loops in the Zone 1 wire centers to determine the average Zone 1 loop cost. Zone 2 average loop cost will be determined by dividing the total loop-specific costs for those wire centers in Zone 2 by the total number of loops in the

Zone 2 wire centers. Zone 3 average loop cost will be determined by dividing the total loop-specific costs for those wire centers in Zone 3 by the total number of loops in the Zone 3 wire centers.

5. The fourth step is the development of the zone-specific ratios. The Zone 1 ratio is developed by dividing the Zone 1 average loop cost by the statewide average loop cost produced by the HCPM. The Zone 2 ratio is developed by dividing the Zone 2 average loop cost by the statewide average loop cost produced by the HCPM. The Zone 3 ratio is developed by dividing the Zone 3 average loop cost by the statewide average loop cost produced by the HCPM. The deaveraged UNE rates are determined by multiplying these ratios by the statewide rates previously approved by the TRA for loops and loop combinations below the DS3 level.
6. Nothing in this Stipulation shall establish a precedent for the Authority's resolution of any issue in any subsequent proceeding addressing the issue of unbundled network element rates. In any proceeding before the Authority, each Party is free to advocate any position with respect to all such matters pertaining to the issue of unbundled network element rates.
7. This Stipulation will be submitted to the Authority for approval upon execution by the Parties. If this Stipulation is not accepted by the Authority in its entirety and without modification, it shall have no

further force and effect and shall not be admissible for any purpose in any further proceedings in this docket, any appeal or judicial proceedings related to this docket, or any future judicial or regulatory proceedings.

8. If this Stipulation is accepted by the Authority in its entirety and without modification, each Party agrees that it will not challenge in any forum: (i) the deaveraging methodology set forth in this Stipulation; or (2) the absence of deaveraged rates for any unbundled network elements other than those set forth in this Stipulation. This Stipulation does not affect or prejudice the position of any Party in any pending judicial or administrative proceeding relating to the level of any existing average or deaveraged loop rate or the appropriateness of the cost methodology used to establish any such rate. Nothing in this Stipulation shall prevent any Party from pursuing or opposing, at any time, in any proceeding, any issues concerning universal service funding, rate rebalancing, recovery of stranded costs, or other actions which may impact unbundled network elements and retail rates.

IN WITNESS WHEREOF, the Parties have executed this Stipulation this 11th
day of July, 2002.

MCI WORLDCOM, INC.
BROOKS FIBER COMMUNICATIONS OF
TENNESSEE, INC.
MCImetro ACCESS TRANSMISSION
SERVICES, LLC

By: Jon E. Hastings by GH
Jon E. Hastings, Esquire
Boult, Cummings, et al.
P. O. Box 198062
414 Union Street, #1600
Nashville, TN 37219
615/252-2306

By: Henry Walker by GH
Henry Walker, Esquire
Boult, Cummings, et al.
P. O. Box 198062
414 Union Street, #1600
Nashville, TN 37219
615-252-2363

UNITED TELEPHONE-SOUTHEAST, INC.
SPRINT COMMUNICATIONS COMPANY,
L.P.

By: James Wright by GH
James Wright, Esq.
United Telephone - Southeast
14111 Capitol Blvd.
Wake Forest, NC 27587
919/5547587

BELLSOUTH TELECOMMUNICATIONS,
INC.

By: Guy M. Hicks
Guy M. Hicks
Joelle J. Phillips
333 Commerce Street, # 2101
Nashville, TN 37201-3300
615/214-6301

Patrick Turner
675 W. Peachtree St., NE,
Suite 4300
Atlanta, GA 30375

CERTIFICATE OF SERVICE

12 GA
I hereby certify that on July 11, 2002, a copy of the foregoing document was served on the parties of record, via the method indicated:

☐ Hand
☒ Mail
☐ Facsimile
☐ Overnight

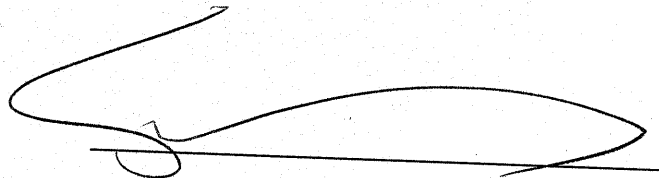
Charles B. Welch, Esquire
Farris, Mathews, et al.
618 Church St., #300
Nashville, TN 37219

☐ Hand
☒ Mail
☐ Facsimile
☐ Overnight

Jon E. Hastings, Esquire
Boult, Cummings, et al.
P. O. Box 198062
Nashville, TN 37219-8062

☐ Hand
☒ Mail
☐ Facsimile
☐ Overnight

Henry Walker, Esquire
Boult, Cummings, et al.
414 Union Street, #1600
Nashville, TN 37219-8062

A large, stylized handwritten signature in black ink, consisting of a long horizontal stroke with a large loop at the end and a smaller loop at the beginning.